PHILIP MORRIS U.S.A.

INTER-OFFICE CORRESPONDENCE

300 NORTH LAKE AVENUE, STE, 1100, PASADENA, CA 91101

TO:

Region 5 Field Sales Force Personnel

DATE: February 1, 1994

FROM:

Jim Mortensen / VPRS

SUBJECT: Second Quarter 1994 Promotions

The purpose of this memo is to provide details about three important promotional initiatives we will launch in the second quarter. You will discover that each one fits within our first quarter focus and provides continuity that will help sustain momentum into the second guarter of 1994.

Your support of these initiatives-through pre-planning, setting stretch objectives for yourself. and excellence in execution -- will mark the difference between ordinary and extraordinary.

MARLBORO RETAIL VISIBILITY

You proved, in 1993, that focus and attention to visibility through temporary and permanent POS is essential to providing Marlboro with a competitive advantage. In each call you should be sure to place temporary POS along with clear bold price call outs.

Additionally, we will focus on placement of quality permanent Marlboro POS in priority accounts to help set the brand apart from POS clutter.

Be sure to refresh Marlboro's look in your stores through use of new temporary POS on displays. Permanent POS should be fully utilized by placement in the right stores. District Managers are responsible for selection of high, medium, and low investment stores.

Results from previous visibility drives (i.e., MLP in July/August, and the Fourth Quarter 1993 program) revealed that Region 5 placed last in POS utilization and placement. Your goal and our goal for 1994 will be to set aggressive stretch objectives along with a plan to get it done so that we finish first. A reward program, for placement of temporary POS, will be launched to help focus our effort.

Program details will be communicated under separate cover.

1994 APRIL PROMOTION PLAN

Basic Buy Two Packs Get One Free (B2G1F)

Recall that our objective with Basic is to grow share to national levels. The Region's share is 3.1% compared to 4.9% nationally.

We will achieve this objective through merchandising, pricing, and promotions. The attached B2G1F Basic program is being provided to you as a promotional tool to help grow Basic share. A bounce-back offer featuring a lighter will help provide continuity.

You should focus your efforts on pack outlets and strive for 100% utilization and placement within the program dates -- April 4 - 29, 1994.

HARD COPIES PROVIDED BY NYO TO ALL PERSONNEL IN REGION 5. CONFIDENTIAL - FOR INTERNAL USE ONLY.

DOC. #65

Premium Multi-Brand Free Newspaper with 2 Pack Or Free People Magazine with Carton Purchase

Our Premium Brands (B&H, Merit, VS) will get a boost through this free newspaper or free People magazine offer. Based on the brand development in your market, you pick the brand(s) that makes the most sense. For example, in California you may select to feature B&H while in the Pacific Northwest, Merit may be the brand of choice. Feature the biggest brand in your market and support it with POS and brand visibility! Pre-book extra product to support the promotion.

Utilization (100%) and placement at retail should occur within the program dates -- April 4 - 29, 1994.

Please note that for both the Basic B2G1F Pack promotion and the Premium Brand promotions you need to place them at retail within the program dates -- April 4 - 29, 1994.

You do not get credit for these promotions if they are placed at retail later than April 29, 1994. The purpose of this policy is to focus our efforts on the assigned time period so that promotions don't back up and stack up.

Lets keep the momentum moving forward! Good luck and good selling!

204282798